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The role of diamonds in fuelling conflict

Letter dated 6 December 2011 from the Chargé d'affaires a.i. of the Permanent Mission of the Democratic Republic of the Congo to the United Nations addressed to the Secretary-General

I have the honour, on behalf of the Chair of the Kimberley Process, and pursuant to paragraph 22 of General Assembly resolution 65/137, entitled "The role of diamonds in fuelling conflict: breaking the link between the illicit transaction of rough diamonds and armed conflict as a contribution to prevention and settlement of conflicts", to transmit the 2011 Kimberley Process report (see annex) and to request that the present letter and its annex be circulated as a document of the General Assembly, under agenda item 33 of its sixty-sixth session.

(*Signed*) Charlotte **Malenga Omoy**
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Annex to the letter dated 6 December 2011 from the Chargé d'affaires a.i. of the Permanent Mission of the Democratic Republic of the Congo to the United Nations addressed to the Secretary-General

Report of the Kimberley Process Certification Scheme to the General Assembly for 2011

Submitted by the Democratic Republic of the Congo, Chair of the Kimberley Process for 2011

Introduction

1. In its resolution 65/137 of 16 December 2010, the General Assembly requested the Chair of the Kimberley Process to submit to the General Assembly at its sixty-sixth session a report on the implementation of the Process. The General Assembly also decided to include in the provisional agenda of its sixty-sixth session the item entitled "The role of diamonds in fuelling conflict". In this connection, as Chair of the Kimberley Process for 2011, the Democratic Republic of the Congo submits the following report on the question. The report covers developments since the submission of the report by the State of Israel dated November 2010 (A/65/607) in its capacity as Chair for 2010, and includes the final communiqué of the Kinshasa plenary meeting, held from 31 October to 3 November 2011.

2. The Kimberley Process is a joint initiative of Governments, the diamond industry and civil society, established to prevent the flow of blood diamonds into legitimate international trade. The Process aims to break the link between trade in blood diamonds and armed conflict, considering in particular its devastating impact on peace, safety and security of people. The Kimberley Process is implemented by each participating country through national laws and regulations, and the establishment of a system of internal controls designed to eliminate the presence of blood diamonds from shipments of rough diamonds imported into or exported from its territory. Many countries that had been affected by conflict now have peace and stability. With the elimination of illegal diamonds, legitimate trade is generating revenue used to finance public programmes, thereby creating favourable conditions for diamond-producing countries to reduce poverty and achieve the Millennium Development Goals. To date, almost all countries that produce, process and trade diamonds participate in the Process.

3. In its resolution 55/56, adopted in 2000, the General Assembly expressed the need for the creation and implementation of an international scheme for rough diamonds; in resolution 57/302, adopted in 2003, it welcomed the creation of the Kimberley Process Certification Scheme, which had been launched officially at Interlaken, Switzerland, in November 2002. Each year since then, the General Assembly has debated the role of diamonds in fuelling conflict and has reaffirmed its support for the Process. In addition, the Security Council, in its resolution 1459 (2003), strongly supported the Kimberley Process Certification Scheme as a valuable contribution against trafficking in conflict diamonds.

Contribution to international peace and security

4. Since the establishment of the Kimberley Process Certification Scheme in 2003, there has been a dramatic improvement in the security situation in several diamond-producing countries, due largely to the implementation of the Certification Scheme. In compliance with Security Council resolution 1980 (2011), the security situation in Côte d'Ivoire was closely monitored by the Kimberley Process through its Working Group on Monitoring, and the Working Group of Diamond Experts, by the Friends of Côte d'Ivoire, and during the plenary in Kinshasa. At that plenary, a representative of the Government of Côte d'Ivoire made a presentation on the situation in that country since its reunification and on efforts made by the recently elected Government to prepare the country for implementation of the Certification Scheme. Pursuant to Security Council resolution 1980 (2011), the Kimberley Process has worked in collaboration with the United Nations Group of Experts and Sanctions Committee on Côte d'Ivoire. Participants in the Kimberley Process have continued to monitor and report on all packages suspected of originating in Côte d'Ivoire.

5. Pursuant to Security Council resolution 1961 (2010), the Kimberley Process continues to monitor progress in implementation of internal controls in Liberia. Implementation-related problems still need to be addressed in collaboration with the Liberia Kimberley Process authorities and the United Nations Group of Experts on Liberia. The Working Group of Diamond Experts has also continued its work, in collaboration with the Liberia Kimberley Process authorities and the United Nations Group of Experts on Liberia on footprinting Liberian diamonds.

6. Pursuant to General Assembly resolution 65/137, the Kimberley Process has continued monitoring progress in implementation of the Kimberley Process Certification Scheme in West Africa. Guinea, in particular, has worked to strengthen its certification system and apply the Swakopmund administrative decision on Guinea (2009). A geological study has been conducted by the United States Geological Survey (USGS) in collaboration with the Working Group of Diamond Experts.

Achievements during 2011

7. The 2011 Kimberley Process plenary meeting was held from 31 October to 3 November in Kinshasa; seven administrative decisions were adopted.

8. In its administrative decision on Marange (Zimbabwe), the plenary authorized the resumption of diamond exports from that region, in compliance with the minimum requirements of the Certification Scheme.

9. As Chair of the Kimberley Process, the Democratic Republic of the Congo placed a priority on reform and periodic review of the Process. Substantial progress was made on these two issues during 2011 within the ad hoc committee on reform, chaired by Botswana. On the basis of the committee's work, the Kinshasa plenary adopted two important decisions. The first mandated the committee to approach international institutions that would be willing to host an administrative support mechanism of the Process and how that could be accomplished. The committee was also instructed to discuss specific aspects such as the form, operation and financing of the proposed mechanism. The second decision laid down terms of reference for

conducting periodic reviews of the Kimberley Process, involving a thorough analysis, over a period of two years, of the operation of the Process and of the Kimberley Process core document and suggestions for improvement submitted for consideration by the plenary.

10. As Chair of the Kimberley Process, the Democratic Republic of the Congo also placed a priority on strengthening the Certification System, especially with regard to the level of internal controls. In this connection, the Kinshasa plenary adopted an administrative decision setting out guidelines for import confirmations. Systematic implementation of these guidelines will help to tighten controls and to more efficiently identify anomalies between countries importing or exporting rough diamonds, prior to the submission of consolidated statistics.

11. The Chair of the Kimberley Process also attached high priority to cooperation with the World Customs Organization (WCO), through the Enforcement Committee of WCO. The Chair attended a meeting of the Enforcement Committee in May 2011. Thanks to this collaboration, customs organizations of countries participating in the Kimberley Process as well as non-participants will be able to help the Process to achieve its goals and implement its policies. WCO representatives contacted the Process to organize an enforcement seminar in the margins of the intersessional meeting in Kinshasa in June 2011, and provided valuable assistance to the Process working groups, in particular the Working Group of Diamond Experts, on issues relating to classification and countries of origin. The World Customs Organization also opened its network of regional capacity-building offices to support the training of customs agents in implementing minimum requirements of the Kimberley Process.

12. With regard to enforcement, the Working Group on Monitoring also coordinates the detection and investigation of fraudulent Kimberley Process certificates, as well as the detection and reporting of packages of suspect origin and the exchange of information on violations. The guidelines on annual reports of participants will be clarified in order to provide for inclusion in those reports of information on the implementation of enforcement measures within the context of the Process.

13. The Kinshasa plenary adopted a decision terminating the precautionary measures put in place by Ghana pursuant to the administrative decision of 2006, owing to the positive actions taken to reinforce internal controls and prevent the infiltration of illicit diamonds into its production.

14. The Kinshasa plenary also adopted a decision on clarifications of rules and procedures for the approval of decisions through the written procedure, which enables the Kimberley Process to adopt decisions on urgent matters, including between plenary meetings.

Participation: the Kimberley Process has 50 participants

15. The Kimberley Process Certification Scheme is open, without discrimination, to all countries and to any regional economic integration organization that agrees to and can comply with its requirements. In May 2011, the Kingdom of Swaziland joined the Kimberley Process. As of 3 November 2011, the total number of participants in the Process stood at 50, representing 76 countries (including the

27 States members of the European Union). Burkina Faso, Cameroon, Kazakhstan, Mali, Mozambique and Panama have expressed an interest in joining the Process. The Participation Committee is helping them prepare their applications and continues to explore a list of potential candidates and to contact them.

16. At the Kinshasa plenary, an administrative decision was adopted by which the terms of reference of the Participation Committee were redefined. The Participation Committee has prepared recommendations for candidates on legislation for implementation of the Kimberley Process. These recommendations will be provided to new candidates when necessary, in order to assist them in preparing their applications.

Monitoring and peer review: a vital Kimberley Process tool

17. The Kimberley Process has taken note of the results of participants' compliance with the requirement to submit annual reports, which is the most important means for obtaining complete and regular information on the status of implementation of the Certification System. As at 3 November 2011, 45 participants representing 71 countries had submitted their annual reports. The Chair of the Kimberley Process was requested by the plenary to contact participants that had not yet submitted their annual reports, including Indonesia and Zimbabwe.

18. In 2008, the Bolivarian Republic of Venezuela voluntarily withdrew from the Process for a period of two years, suspending its exports and imports of rough diamonds. In 2010, Brazil presented a decision from the Bolivarian Republic of Venezuela to extend its self-suspension for an additional year. At the Kinshasa plenary, a representative of the Government of Venezuela presented to the Process a letter explaining the current status of its diamond mining operations and its development plans. However, given the continued non-compliance of the Bolivarian Republic of Venezuela with the minimum Kimberley Process requirements and its failure to submit annual reports for 2009 and 2010, as well as the relevant statistical data, the plenary decided that if the Bolivarian Republic of Venezuela did not submit the reports by 20 December 2011, it would be removed from the list of Kimberley Process participants.

19. One of the main objectives of the Working Group on Monitoring is to implement the system of peer review visits, which is an important tool for enhancing the effectiveness of the Process, ensuring that participants identify and remedy compliance issues, and facilitating the sharing of best practices relating to the Process. The second series of review visits involved producing countries (Botswana, Lesotho) and industrial countries (Ukraine and, in late 2010, India); the next review visits are planned for Canada, Lebanon, Switzerland, Thailand and the United States of America.

20. The increase in online sales and postal shipments is an issue of concern, given the difficulty of monitoring and analysing shipments of rough diamonds through those means. In such transactions, Kimberley Process certificates are not always transmitted to customs authorities. Online and postal sales can seriously affect the quality of participants' statistics and those of their trading partners. The Kimberley Process has set up a team of technical experts on import confirmations and online trade who will conduct research on trends in online trading of rough diamonds. Canada is coordinating this work.

Statistics

21. The monitoring of statistical data on production and trading of rough diamonds is an essential aspect of the Kimberley Process Certification Scheme and a regular source of information on implementation. The submission of quarterly, biannual and annual statistics is a minimum requirement of the system. The Kimberley Process Rough Diamond Statistics website, which is managed by the United States of America, has been upgraded to make it more efficient and effective. The system is protected by security mechanisms that prevent unauthorized access (the website is only accessible to participants) and that allow for quality control, so as to ensure that all data are consistent at the time of registration.

Technical issues and traceability

22. The Working Group of Diamond Experts is working on footprinting diamonds produced in Liberia (see above), the Bria region in the Central African Republic, the Marange region in Zimbabwe, and in Sierra Leone. Kimberley Process authorities in Brazil are working on footprinting Brazilian diamonds.

23. Under South Africa's leadership, the Working Group is developing a rough diamond valuation methodology using a valuation data matrix.

Artisanal/alluvial production

24. The Working Group on Artisanal and Alluvial Production is promoting more effective local controls over the production and trade of alluvial diamonds, so as to ensure that only diamonds that are produced and sold in conformity with national legislation and the standards of the Kimberley Process Certification Scheme are exported. Artisanal diamond producers and miners are constantly being confronted with serious developmental challenges that are an obstacle to the effective implementation of the Certification Scheme on the ground.

25. The Working Group is considering issues relating to implementation of the recommendations on the Kimberley Process Moscow Declaration on internal controls, with the help of the Diamond Development Initiative, based on information supplied by participants. Members of the Working Group have stated that there is a need for technical assistance and training on alluvial diamond mining methods adapted for artisanal miners.

Future challenges

26. The Kimberley Process maintains its tripartite through the ongoing cooperation of Governments, industry — through the World Diamond Council — and civil society, represented by the Civil Society Coalition. In practice, this means that civil society organizations participate in the annual reporting of information on national developments and submit proposals on various modalities of implementation of the Certification Scheme. Civil society partnered with the World Customs Organization in organizing the seminar on enforcement that was held in June 2011 in the margins of the Kinshasa intersessional meeting.

27. However, the civil society representatives decided not to participate in the Kinshasa plenary of November 2011, despite the Chair's attempts to engage in dialogue. Their absence was deeply regretted by the Kimberley Process participants and other observers, who appealed to civil society to resume contacts with the Process and to participate actively in its work. Civil society participation is essential, especially in the light of the reform process and the periodic review being undertaken to improve the Kimberley Process Certification Scheme.

28. Indeed, reform of the Kimberley Process, improvement of its effectiveness (in particular through an administrative support mechanism) and the periodic review of the Certification Scheme are among the greatest challenges facing the Process going forward.

29. The United States of America will succeed the Democratic Republic of the Congo as Chair of the Kimberley Process, with effect from 1 January 2012, and South Africa will serve as Vice-Chair in 2012.